

received its first reading in the House of Peers on March and became law on March 26, 1897.\*

The monetary reform practically gave fixity to existing\* conditions of exchange, as had been done in Austria and Russia. The amount of gold in the old standard yen was reduced by one-half and the silver yen, which had been the common medium of circulation, was fixed theoretically at the weight of 26.956 grams, nine-tenths fine, with a relation to gold of one to 32.34.<sup>9</sup> Hence, it was argued, no change in the existing level of prices would result from the change of standard and the old silver yen would circulate side by side with the new coins of gold.<sup>3</sup> No allowance was made for a possible decline in silver, but it was rather assumed that the action of Japan in abandoning the metal as a standard would accentuate its downward course. Gold coins of the new standard were offered for the old silver yen, which were called in and recoined into subsidiary pieces or sold as bullion.<sup>4</sup> The process of exchange was permitted only from October 1, 1897, to July 31, 1898, but was so complete that no reports reached the authorities of any of the old money which failed to be exchanged. Some of the foreign banks, fearing that the reform might not succeed, issued a circular in July, 1897, reserving the right to pay depositors in gold or silver at their option, but the Bank of Japan and the Yokohama Specie Bank exchanged their silver in bulk for gold on or about October 1, 1897, and<sup>5</sup> began to make their payments in gold.<sup>8</sup>

<sup>1</sup> *The Adoption of the Gold Standard in Japan*, 192.

<sup>2</sup> The value of the new yen in United States currency was 49.8 cents.

\* Cf. Bourguin, in *Revue d'Economie Politique* 1897, XL, 716.

<sup>4</sup> The total amount redeemed by the government was 7\$»093,822

yen (\$37,500,000). Of this amount, 27,567,012 yen was recoined into

subsidiary coins; 6,740,148 yen were taken to Formosa, Korea, and elsewhere; and 40,786,662 yen were sold as bullion, chiefly in Shanghai and Hong-kong. The profit on the subsidiary coinage more than

offset the loss on bullion sold.—*The Adoption of the Gold Standard in Japan*, XL

<sup>5</sup> Paultre, in *Questions Monetaires Contemporaines*, 757.